

Message Text

LIMITED OFFICIAL USE

PAGE 01 LONDON 12972 211649Z

45

ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04

SIL-01 L-03 H-02 PA-01 PRS-01 IO-10 AGR-05 DODE-00

/102 W

----- 017492

R 211634Z AUG 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 4011

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

LIMITED OFFICIAL USE LONDON 12972

DEPARTMENT PASS TREASURY AND FRB

E.O. 11652:N/A

TAGS: UK, ECON

SUBJECT: PRIME MINISTER'S AUG. 20 ADDRESS ON INFLATION

1. THE PRIME MINISTER DELIVERED AN UPBEAT 10 MINUTE
NATIONWIDE TELEVISION ADDRESS (TEXT FORWARDED BY POUCH)
IN WHICH HE STRONGLY URGED EVERY CITIZEN ACTIVELY TO SUP-
PORT THE GOVERNMENT'S ANTI-INFLATION PROGRAM. WHILE CIT-
ING THE GLOBAL RECESSION AS AN IMPORTANT CONTRIBUTING

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LONDON 12972 211649Z

FACTOR, HE PLACED A GREATER SHARE OF THE BLAME FOR BRIT-

AIN'S CURRENT ECONOMIC PLIGHT ON A SERIES OF CONTINUING FAILURES BY INDUSTRY, LABOR, AND GOVERNMENT TO ENSURE ADEQUATE LEVELS OF INVESTMENT, TO REDUCE WIDESPREAD FEATHER-BEDDING PRACTICES, AND TO ALLEVIATE ENDEMIC INDUSTRIAL RELATIONS PROBLEMS IN SPECIFIC SECTORS AND PLANTS.

2. MR. WILSON SAID THAT FAILURE TO CONTROL PRICES AND COSTS INCLUDING PAY LEVELS HAVE CAUSED AN INFLATION WHICH HAS ERODED EMPLOYMENT AND VICTIMIZED THOSE LEAST ABLE TO BEAR THE BURDEN. HE PROMISED THESE PEOPLE PROTECTION IN THE FORM OF GOVERNMENT SUBSIDIES AND TRANSFER PAYMENTS. POWERFUL LABOR UNIONS WERE CLEARLY WARNED NOT TO USE THEIR MUSCLE TO WRECK THE PROGRAM. WHILE THEY MIGHT BENEFIT IN THE SHORT RUN BY SO DOING, THEIR GAINS WOULD PROVE ILLUSORY AND PROVOKE A NATIONWIDE BACKLASH. THE PRIME MINISTER SAID THAT THE NEXT 12 MONTHS WOULD BE CRUCIAL. THERE WOULD BE A DETERIORATION IN LIVING STANDARDS FOR MANY AND INFLATION COULD NOT BE ELIMINATED FULLY. HE SAID THAT THE PRICE FOR RESTORING THE NATION'S ECONOMIC HEALTH WOULD BE HIGH AND REQUIRE HARDER WORK, BETTER ORGANIZATION AND MORE INVESTMENT. HOWEVER, IN THE EVENT OF FAILURE THE ALTERNATIVES WERE FAR GRIMMER.

3. WHILE WILSON STRESSED THAT 6 POUND WEEKLY WAGE INCREASE WAS A CEILING, NOT A RIGHT, TUC GENERAL SECRETARY WAS TELLING MEDIA THAT ALL WORKERS WILL BE "ENTITLED" TO FULL 6 POUND INCREASE UNDER ANTI-INFLATION PROGRAM AND URGING UNIONS "TO PRESS FOR THE 6 POUNDS UNIVERSALLY, FLAT. MURRAY ACKNOWLEDGED THE TUC INTERPRETATION WAS AT ODDS WITH THAT OF THE GOVERNMENT, BUT OBSERVED THAT WHILE TUC SUPPORTS ANTI-INFLATION PACKAGE, IT DOES NOT HAVE TO ACCEPT EVERY INTERPRETATION MADE BY GOVERNMENT.

4. COMMENT

WILSON WAS CANDID IN HIS ASSESSMENT OF THE SOURCES OF BRITAIN'S PROBLEMS. HE WAS OBVIOUSLY TRYING TO RALLY THE WIDEST POSSIBLE SUPPORT WHILE AT THE SAME TIME NOT COMMITTING HIMSELF TO PRODUCING A MIRACULOUS 12 MONTH CURE. TIMING OF CAMPAIGN KICK OFF WAS LARGELY DICTATED LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LONDON 12972 211649Z

BY PROXIMITY OF ANNUAL TUC CONFERENCE WHICH OPENS SEPTEMBER 1 (SEPTEL), BUT ALSO TO STRENGTHEN GOVERNMENT'S HAND GOING INTO ANNUAL LABOUR PARTY CONFERENCE (SEPTEMBER 29-OCTOBER 3) AND TO ANSWER CRITICS WHO ARE EXPECTED TO CALL FOR EARLY REFLATIONARY MEASURES IN THE FACE OF DEEPENING RECESSION. INITIAL REACTION TO THE ADDRESS HAS BEEN ALONG PREDICTABLE LINES. THE LEFT WING OF THE LABOUR PARTY AND THE MOST MILITANT UNION LEADERS HAVE

BEEN CRITICAL WHILE THE TORIES AND THE BUSINESS COMMUNITY
MAY ARGUE ABOUT SPECIFIC ELEMENTS BUT HAVE NO REAL AL-
TERNATIVE TO OFFER. MOREOVER, AS MURRAY'S STATEMENT IL-
LUSTRATED, THE GOVERNMENT CAN EVEN EXPECT TROUBLE FROM
THE TUC LEADERSHIP WHICH HELPED DEVELOP AND STRONGLY EN-
DORSED THE ANTI-INFLATION PROGRAM.

RICHARDSON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SPEECHES, ANTIINFLATIONARY PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 21 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LONDON12972
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750289-1142
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750832/aaaabbjh.tel
Line Count: 123
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 21 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 APR 2003 by CunninFX>; APPROVED <22 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRIME MINISTER'S AUG. 20 ADDRESS ON INFLATION
TAGS: ECON, UK, (WILSON, HAROLD E)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006